



IPI Newsletter

www.iaprisonind.com

April/May 2011

IPI Welcomes New Director

Iowa Prison Industries welcomes Dan Clark to the IPI team as its new Director. Mr. Clark brings a strong business background to IPI with over 30 years of management experience in manufacturing, operations, sales, and new product development.

Most recently he served as President of Synthos Sourcing, providing supply chain consulting to companies in food, animal

and pet food industries. Prior to this, he traveled extensively managing the global supply chain for the pet food ingredients division of Kemin Industries in Des Moines. He has also held management positions with Titan Tire, Fisher-Price and United Technologies.

Mr. Clark holds an MBA from the University of Buffalo and an MS in Operations Research from Rensselaer

Polytechnic Institute. He lives with his wife, Kristin and five children in West Des Moines, Iowa.

After serving three terms on the IPI Advisory Board, Mr. Clark is very familiar with IPI's operations and the unique challenges IPI faces. We look forward to the leadership and insight that he will bring to Iowa Prison Industries.

Welcome Dan!

Looking Back... Looking Forward

BY DAN CLARK
IPI DIRECTOR



Readers of the *IPI Newsletter* know that the former director Roger Baysden retired earlier this year. When an event like Roger's retirement comes

along, it provides a good opportunity for looking back at where we've been, and also looking forward to where we plan to go.

Looking Back

Under Roger's leadership, Iowa Prison Industries tripled its sales and inmate training hours, both key elements of the IPI Mission. He led the program to national recognition, both as President of the National Correctional Industries Association, as well as through innovative programs such as the centralized commissary. Roger assembled and developed a great team of people, and built a new IPI Showroom as well as a new home for the Federal Surplus Program – all without spending one dime of taxpayer money.

Looking Forward

So where do we go from here? First, Iowa Prison Industries needs to continue

delivering excellent value, quality and service to its customers. The foundations for this enterprise are in place. And secondly, we need to continue expanding the opportunities we provide for inmates to gain real-world employment experience.

As in many states, the Iowa prison population has been growing, and we recently reached a record high. A big challenge for IPI is to provide new and additional opportunities for the growing number of inmates in the state institutions. We'll need to develop new products and services that deliver value for our customers. And the IPI leadership team will have to formulate and execute a set of sound strategies, and then move quickly and seize opportunities when they arise.

What We Do

In many ways, IPI is like any other business ... every day we have to deliver excellent quality and value in the goods and services we provide to our customers. Since IPI is completely self-funded and doesn't rely on any taxpayer funding, we have to make payroll every two weeks, fund our own capital expenses, and in short, do the things that private businesses do.

In addition, we have a goal of giving inmates an opportunity to obtain meaningful work experience, which has been shown to reduce recidivism. And lowering the number of inmates that end up back in the Iowa prison system means that we have helped to improve lives in a real way. What we do means there are fewer victims of crimes, fewer offenders back in prison, and fewer families of offenders left without a loved one. And on top of all that, we deliver bottom line savings to Iowa taxpayers. IPI activities have returned millions of dollars to the Iowa general fund, and millions more in victim restitution, child support payments, and state and local taxes.

As the new Director of Iowa Prison Industries, I was lucky enough to inherit a fantastic team of talented and dedicated employees. We provide a wide array of goods and services, everything from agricultural products, to green cleaning chemicals, to wood and metal furniture, to road signs, and more. With the IPI team in place and with a great product line, I'm very optimistic about the future of IPI and the ability to achieve our Mission.

Dan

SALES & MARKETING

Customer Spotlight: Governor's Office

As with any time a new Governor takes office, Iowa Prison Industries has stepped up to meet a variety of needs Governor Branstad's administration has had for furnishings and other types of services such as nameplates and framing both at the Capitol and Terrace Hill.

Governor Branstad used the table shown below as his working table in the basement of the Capitol during his first tenure as Governor. After he left office, Iowa Prison Industries rescued the table from being discarded and then refinished

it. It has been on display in the IPI Showroom as an refinishing sample. Governor Branstad now uses the table in his private office at Terrace Hill. A nameplate sits of the desk to designate that it has been provided courtesy of IPI.

Both the Governor and Lieutenant Governor's offices in the Capitol (shown at the right) feature executive leather chairs, engraved nameplates and custom laser engraved business card holders.

It has truly been a pleasure working with Governor Branstad and Lt. Governor Reynolds on items for their new offices. Additionally, Leo Hough, Margaret Hough, Caitlin Oponski and all of the remaining staff at the Governor's office have been extremely helpful



Showroom Named The Baysden Building

On February 3, 2011, the naming of the IPI Showroom as the Baysden Building was made official by the signed proclamation from Governor Terry Branstad.

In part, the proclamation states "In recognition of Roger L. Baysden's commitment to Iowa Prison Industries, the Iowa Prison Industries Advisory Board on behalf of all Iowans, hereby names the IPI Showroom at 1445 E Grand Ave, Des Moines, IA, the Baysden Building. The IPI Showroom was built without appropriations and has remained self-sustaining in part to Mr. Baysden's hard work and outstanding leadership."

The proclamation was framed along with a photo and short biography of Roger's accomplishments during his fourteen years with Iowa Prison Industries so all visitors to the Baysden Building can learn about the showroom's namesake.



Above: Ann Baughman, Roger Baysden & Maria Contreras in front the stone plaque installed on the front of the IPI Showroom.

Below: The Governor's Proclamation officially naming the building is framed and hangs in the Showroom's entryway.



and supportive of the mission of IPI. We would be remiss not to mention First Lady Christine Branstad and Barb Filer over at Terrace Hill as well. IPI looks forward to working with everyone in the new administration and providing the products and services required by our Chief Executive Branch.

IPI Guarantee Receives Update

IPI's product guarantee has been revised under the direction of our new Director Dan Clark. The new Total Satisfaction Guarantee continues IPI's long-standing commitment to ensuring our customer's satisfaction. The new guarantee states:

"We guarantee your Total Satisfaction on all purchases from Iowa Prison Industries! If you are unsatisfied with the quality of the materials or workmanship, we will adjust, repair or replace to YOUR satisfaction."

--- Dan Clark, Director IPI

Sales Report Card

FY11 YTD New Customer Sales By Sales Rep

(July 1, 2010 through March 31, 2011)

Dennis Barry	\$35,824	Michael O'Brien....	\$341,114
Scott Klinefelter ...	\$358,230	Kevin Peterson	\$11,569

FY11 YTD Customer Satisfaction Card Results

(July 1, 2010 through March 31, 2011)

	Excellent	Good	Below Average
Sales Representative Knowledge	86.0%	13.7%	0.3%
Timeliness of Delivery	75.4%	22.9%	1.7%
Delivery Service	81.6%	17.9%	0.5%
Quality of Goods	82.8%	15.9%	1.3%
Value for Money	80.1%	18.8%	1.1%
Question/Problems Handled Promptly	82.9%	16.4%	0.7%
Average	81.3%	17.8%	1.0%
	Yes	No	Maybe
Would you recommend us to others?	99.7%	0.0%	0.3%

3rd Qtr New Customer / New Project Orders

(For a complete list contact the Des Moines office)

Customer	Products.....	Sales
1st Judicial District	New Building Furniture.....	\$104,526
DMPs Hoover Meredith	School & Library Furniture	\$74,286
Oxford Junction Elementary	Library Furniture	\$34,289
Orchard Hills Elem (Cedar Falls)	Classroom Furniture	\$6,174
Pella Christian Grade School	Classroom Furniture	\$5,530
Baxter Public Library	Library Furniture	\$3,322
Willis Dady Emergency Shelter	Office Furniture	\$3,024
Peet Junior High (Cedar Falls)	Classroom Furniture	\$2,954
Pine Lake State Park	Outdoor Furniture	\$1,552
DAC Corp	Seating	\$1,120
Scattergood Schools	Lounge Furniture	\$973
Our Lady's Immaculate Heart Ch	Seating	\$935
Blackhawk Co Bldg Mgmt	Chemicals	\$740

FORT MADISON

Mt. Pleasant Furniture Operation Reopens

IPI is challenged with training offenders in a marketable skill so they can be productive citizens upon their release; by reopening Mt. Pleasant, this allows us to expand our training program. On March 15, 2011, the IPI Mt. Pleasant operation reopened with Laurie Cochran, State Industries Technician, supervising the shop with up to 20 offenders. The Mt. Pleasant operation is an extension of the IPI Fort Madison Furniture Operation and managed by Associate Warden of Industries-Becky Munoz.

Due to the large number of dorm furniture orders we have received this year for summer delivery, reopening the Mt. Pleasant Operation was necessary. Additionally, not only will Fort Madison have a new prison which is scheduled to be completed around December 2012, but IPI will also have a new industries building

inside the new prison. During this transition we will be utilizing the Mt. Pleasant operation to continue producing products and meeting our customer orders.

MPCF Superintendent Ron Mullen and his staff were very instrumental with the quick and efficient reopening of this operation. Thank you to Mt. Pleasant Correctional Facility.

The Mt. Pleasant operation will manufacture dorm loft beds, stabilizers, bookcases, safety rails and other dorm furniture and office furniture as needed.

This fall we should be able to start manufacturing some of the furniture and millwork for the new prison at Fort Madison along with the expansion at the women's prison at Mitchellville.



Above: Laurie Cochran with assigned offender crew; the crew has been very enthusiastic with the reopening of the IPI shop.
Below: Inside the IPI-Mount Pleasant building.



Summer Dorm Orders:

ISU	3,540 pieces
U of I	1,588 pieces
Iowa Western	940 pieces
Iowa Valley College	234 pieces
UNI	245 pieces

Shop Spotlight: Signs

This month's spotlight is on our Sign Division. Since we looked at Sign Shop back in January of 2008 this division has been on an upward climb. The shop has completed its best year ever, and sales continue to be strong again this year. Year in and year out the shop has provided the sales and revenue that have contributed to IPI's growth. If you ever wonder where all the signs go, try counting all the signs you see on a drive. While counties and cities are a large part of our customer base, we receive sign requests from law enforcement, Cemetery associations, Boy Scout organizations, Conservation groups, waste management agencies, utilities, medical facilities, economic development organizations, and Iowa Department of Transportation.

Sign Shop has many repeat customers. The value added services available to them include a screen making room, sign layouts provided, a database of customer sign specifications, an unequaled warranty, and high quality product.

Keeping this all organized and running smoothly are the staff of Sign Shop. Jeff Otting is the Production Coordinator and has 16 years of experience in signs. Mark Merfeld is the Senior Technician with 13 years experience and has worked

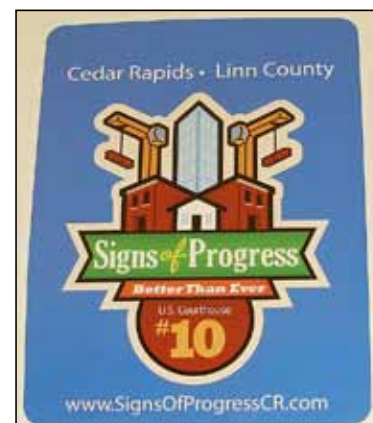
in several areas of the shop. Recently coming into IPI is Wayne Leytem, and he works out of the blanking area. In addition to Greg Hart's many duties, supervising the sign shop is one of his areas. The staff are providing a dual role of production to customers and a security role to the institution.

Typically, 45 offenders are working in the various areas of sign shop. Skills learned are silk screening, machining, graphic arts,

inventory control, shipping and receiving, quality control, and customer service.



Sign Shop Staff (left to right): Jeff Otting (Production Coordinator), Mark Merfeld (Senior Technician), Wayne Leytem (Technician) and Greg Hart (Supervisor).



FY2011 Financial Update

As we wrap up our fiscal year, our production season is rapidly picking up. Every division is seeing increased work and the shops are busy. Through March, sales are up 1.4% from last year and sustainable income is ahead of last year. We are replacing or adding several pieces of equipment to continue to meet the requests of our customers while providing tools and working skills that offenders will use in the future.

New Staff Joins Anamosa



Darin Jarding

The Anamosa Plant has two new staff joining our team.

Darin Jarding joined us in January of 2011 and will work mainly out of Housekeeping Laundry and Filters.

Also joining us in January was Chris Guy. Chris will be working in the sales office and will focus mainly on Metal

Furniture and Custom Wood products. Chris and her husband Jeff have two children, Aaron, a senior in high school and Emily, a sophomore in college. Chris enjoys reading and time with family.

Both Chris and Darin are happy to be part of the IPI team.

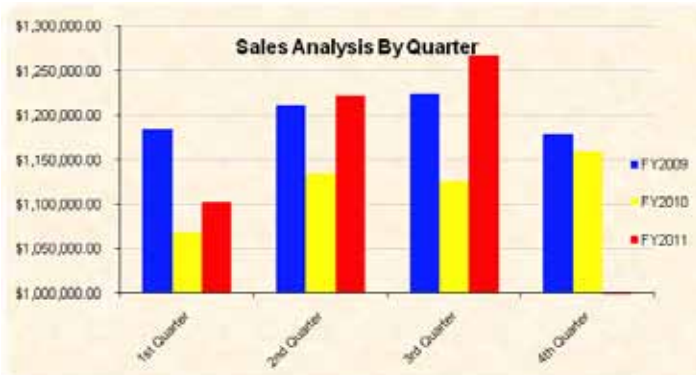


Chris Guy

Canteen Achieves Record Sales Month

With the Central Canteen's spring catalog going into effect February 21st, March 2011 was a record setting sales month surpassing the previous record month (January 2006) by almost \$25,000. Approximately 459,000 items were

sold. Of course our normal sales leaders lead the way – 122,000 soups and 43,000



envelopes; with others contributing – meats at 24,500 and coffee at 30,000.

Did You Know?

The Central Canteen has a flower program where inmates can purchase one of three selected flower arrangements to send a friend or loved one. A completed

delivery form and bubble sheet get their orders started. Once the order is received the Canteen places the desired order online through FTD.



Roger Says Good-Bye!

With January bringing Roger Baysden's pending retirement as Director of Iowa Prison Industries; he made a final visit to the Central Canteen to say farewell.

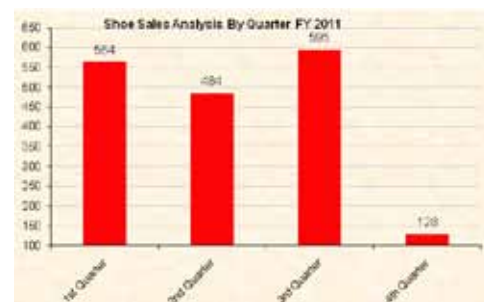
During his visit he shared some of his retirement plans, especially those of his upcoming fishing trip to North Carolina. With the assistance of staff,

Canteen Continues Recycling Efforts

The Central Canteen continues doing its part to help with the environment in being "Green". Instead of throwing away of all of the cardboard and plastic waste we generate, through a recycling company, we recycle it. Over this last year we recycled 559 bales of cardboard, 12 palette boxes of loose card, and 2123 wooden shipping pallets.

Shoes Sales Remain Steady

The Central Canteen continues to strive to meet our customer requests and the demands of our market base. We just added five new styles of tennis shoes.



Grand View University Furniture Project Underway

For several months now, the entire Mitchellville Panels & Seating Division has been hard at work completing a massive chair order for Grand View University Student Housing. In total, the Grand View order includes 71 Overstuffed Chairs, 67 Overstuffed Loveseats, 4

Overstuffed Couches, 68 Fixed Seat and Back (upholstered) Cheyenne stack chairs, and 69 poly stack chairs and stools. Due to the labor-intensive nature of overstuffed furniture upholstery and the sheer size of this order, MV Panels & Seating has adopted an “all hands

on deck” philosophy. This has not only kept MPS busy, but has also provided skilled upholstery training opportunities for several brand-new employees and for offenders who normally work in panels, housekeeping/chemicals, and the warehouse.



MV Panels & Seating offenders working on Overstuffed Loveseats for the Grand View University order.

New Product Introduced: Rain Barrels



The newest offering from the Mitchellville Housekeeping/Chemicals shop is rain barrels made from recycled 55-gallon drums. This product represents one more effort by IPI-MV to go

green, both by finding a practical use for empty raw materials barrels and by encouraging responsible use of earth's most valuable natural resource: water.

IPI rain barrels are used by positioning the barrel under your down spout to catch and store rainwater. The barrels hold up to 55 gallons of rainwater, which can then be used to water your garden and houseplants. Using stored rainwater is not only better for your plants, but also reduces runoff waste water and soil erosion around your down spout. The plastic barrels and brass spigot are durable and are resistant to rust, mold, mildew, UV rays, fading, and deterioration. At only \$35 compared to over \$100 for commercial rain barrels, MV's rain barrels are also a great deal for your pocketbook as well as for the environment.

ISU Wardrobe Curtains Redesigned

This spring, IPI Textiles Division took on the task of researching, designing, and producing new mesh-topped dorm closet curtains for several Iowa State University buildings. To date, MV Textiles Division employees have sewn 380 of these closet curtains from scratch. Once school lets out for summer break, we will collect and



re-work 840 additional curtains to include the new mesh headers. To date, the job has taken nine offenders a combined 234 labor hours. We expect that figure to be at least doubled by the end of the project.

New Green Cleaning Products On the Way



Mitchellville Housekeeping/Chemicals will soon be offering a new line of Green chemicals, including a complete line of EcoLogo

certified floor care products. In partnership with Rochester Midland Corporation, IPI MV will be producing and labeling our own version of the EnviroCare line, which consists of Green housekeeping and floor care products. While customers report that some Green products are more expensive and less effective than standard chemicals, we are confident that the products in our new EnviroCare line will be cost-effective and as strong as our standard offerings. As the State of Iowa moves towards the Summer 2012 Green Initiative goals, we at MV Housekeeping/Chemicals are striving to be one step ahead.

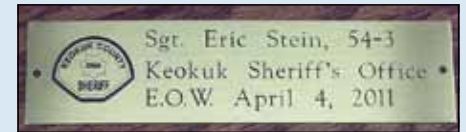
New Link Between IPI Website, Fabric Vendors & Customers

In coordination with the our fabric vendors, IPI MV web customers are now able to shop for the latest seating and paneling fabrics with the click of a mouse. All four of IPI's contract fabric vendors offer custom websites enabling customers to search and view fabrics by various characteristics such as grade, color, and pattern. IPI customers are linked to the vendor websites via the IPI website.

Along with viewing fabrics, customers

are able to request memo samples as well. The vendors will mail the samples direct to the customer and notify IPI of the customer's selections via e-mail. This new, more streamlined fabric selection process will save both IPI-MV and our customers time and money.

We at IPI MV are extremely excited about this move towards more fully web-based shopping, and are looking for more opportunities of this nature for the future.



Iowa Prison Industries donated flag cases with engraving plates to the family of Sgt. Eric Stein of the Keokuk County Sheriff's office who was fatally shot in the line of duty on April 4, 2011.

BUSINESS OFFICE

04/11/2011

Iowa Prison Industries Comparative Financial Statement GRAND TOTAL March 2011 (\$)

	<u>Current Month</u>			<u>Year-To Date</u>		
	FY 2011	FY 2010	Variance	FY 2011	FY 2010	Variance
Sales	1,663,088	1,543,591	119,497	14,696,104	14,559,740	136,363
Cost of Goods Sold						
Cost of Goods Sold	1,129,291	1,107,317	21,974	11,037,081	10,603,344	433,737
+/- Under/(Over) Applied Overhead	(47,476)	54,536	(102,012)	(24,279)	945,262	(969,541)
Less Net Cost of Goods Sold	1,081,815	1,161,853	(80,038)	11,012,802	11,548,607	(535,804)
Gross Profit	581,273	381,738	199,535	3,683,301	3,011,134	672,167
Operating Expense - Service Division	33,841	32,510	1,331	327,833	344,551	(16,718)
Administrative Expenses						
Adminstrative Salaries Expense	49,677	48,548	1,128	478,276	464,425	13,850
Travel Expense	488	786	(297)	10,440	11,193	(753)
Training Expense	0	0	0	1,372	470	902
Sales & Marketing Expense	58,675	92,311	(33,637)	537,162	622,840	(85,678)
Warehouse & Distribution Expense	53,844	51,780	2,064	449,591	573,943	(124,352)
Auto Expense	0	0	0	1,299	0	1,299
Postage-Office Supplies Expense	4,117	3,388	729	38,376	37,714	661
Telephone Expense	1,577	1,469	108	12,101	12,304	(203)
Information Technology Expense	4,506	1,412	3,094	43,632	17,251	26,381
Administrative Miscellaneous	351	0	351	3,189	0	3,189
Administrative Depreciation	2,186	2,273	(87)	23,479	20,230	3,249
Canteen Admin Fee	23,354	28,382	(5,028)	138,720	159,148	(20,427)
Total Admin Expense	198,774	230,349	(31,575)	1,737,636	1,919,519	(181,883)
Income/(Loss) From Operations	348,658	118,878	229,780	1,617,832	747,064	870,768
Other Revenue	0	0	0	0	3,185	(3,185)
Other Expense	192	2,132	(1,939)	238	6,216	(5,978)
Corporate Revenue	7,010	9,474	(2,464)	44,152	60,465	(16,313)
Corporate Expense	118,622	60,543	58,079	911,846	740,004	171,841
Less Canteen Retdistribution	64,637	62,156	2,481	367,046	292,173	74,873
Net Sustainable Income/(Loss)	172,217	3,522	168,694	382,853	(227,680)	610,533

Finished!

With a total of approximately 540 hours of staff and offender time the new building at the Des Moines location is finally finished. The biggest hurdle of this project was the weather, which made roofing and finishing up the building challenging to say the least. Eleven different offenders



and the entire Des Moines staff had a part in putting this building together. Thank you to Bob, Dan and the crew for making this happen.

ON THE LIGHTER SIDE



Birthdays

Make sure you jot down these upcoming birthdays so you can make sure they have a great day!

May

- 4 – Jeff Otting (AN)
- 8 – Wayne Leytem (AN)
- 13 – Dan Clark (DM)
- 13 – Michael O'Brien (DM)
- 15 – Dennis Barry (DM)
- 18 – Chad Squires (NW)
- 24 – Dennis Piotraschke (MV)
- 25 – Bob Carlson (Farms)

- 24 – Pam Kray (AN)
- 26 – Laura Mendez (FM)

July

- 2 – Diane Hughes (AN)
- 10 – Dale Koopman (FM)
- 12 – Shari Long (FM)
- 12 – Mike Spooner (FM)
- 14 – Chris Gillmore (AN)
- 14 – Chris Hilpipre (RW)
- 20 – Jeff Bailey (FM)
- 22 – Laurie Cochran (FM)

June

- 6 – Ann Baughman (DM)
- 6 – Clint Schmidt (DM)
- 7 – Bob Mesecher (DM)
- 9 – Ann Noska (AN)
- 19 – Jamey Klostermann (AN)

August

- 2 – Aaron Lofthus (FM)
- 12 – James Pinegar (NW)
- 14 – Mark Hollenback (AN)
- 14 – Rita Light (RW)
- 15 – Craig Ahlen (FM)
- 20 – Dave Schmitt (AN)



New Arrival

Congratulations to Tammy Luchtenburg (Anamosa) on the arrival of a new grandson, Hayden!

Please submit any personal news you would like included in the IPI Newsletter to your plant manager or to Ann Baughman at the Sales Office.

Federal Surplus Inventory Highlights



Servo-Lift
Meal Carts:
Now only
\$25 each
16 in stock



1994 Chevy
Lumina:
\$800



1999 Ford
Taurus LX:
\$1,500



2002 Ford
Taurus SE:
\$2,500



2004 Ford
Crown
Victoria:
\$3,200



NEW Carpet:
\$10/sq yd



NEW
Linoleum:
\$2.70/sq yd

Federal Surplus is available to qualified organizations only.

Contact Clint Schmidt at 515-266-6913 for more information.